

securing the Loan shall contain other terms and conditions which have not been set forth herein. Such terms and conditions shall include, without limitation, additional affirmative and negative covenants, representations and warranties, events of default and remedies.

xvii.

Legal Opinions - The Borrowers will deliver appropriate legal opinions acceptable to the Lenders and lien searches reflecting the validity and acceptable priority of liens granted to the Lenders pursuant to the proposed transaction.

THIS PROPOSED TERM SHEET IS NOT A COMMITMENT OR AN OFFER TO LEND AND DOES NOT CREATE ANY OBLIGATION ON THE PART OF EITHER OF THE LENDERS. NEITHER OF THE LENDERS WILL BE DEEMED TO EXTEND ANY COMMITMENT TO THE BORROWERS UNLESS AND UNTIL A FORMAL COMMITMENT LETTER IS ISSUED BY THE LENDERS OR A DEFINITIVE AGREEMENT IS EXECUTED BY THE PARTIES.

COMALSOFTTOLU11PH14205119

PH14205115 - DRAFT: 7/7/98

- 6 -

MBIA

029964

EXHIBIT 1930

APR-22-98 WED 18:38

AHERF FINANCE ADMIN

FAX NO. 4123593065

P. 02

AHERF

Allegheny Health, Education
and Research Foundation

Fifth Avenue Place, Suite 2900

120 Fifth Avenue
Pittsburgh, Pennsylvania 15222-3009

MEMORANDUM

TO: David W. McConnell

FROM: Sherif S. Abdelhak

DATE: April 22, 1998

RE: Repayment to Mellon Bank

Pursuant to the demands placed upon the organization by Mellon Bank on behalf of itself and the consortium of banks with respect to the current \$90,000,000 debt obligation, I am directing you to take the following steps: liquidate sufficient funds from the AUMC Funded Depreciation account and other AHERF Unrestricted Funds as necessary to provide sufficient liquidity to pay the loan in full as of this Friday, April 24, 1998.

You are to take this action if you are unable to negotiate another appropriate alternative or extension of time for such repayment with Mellon Bank to your satisfaction. Any funds taken from non-AHERF accounts are to be swapped with AHERF endowments or other funds as you deem appropriate so that the total investments on the subsidiary's books are not materially affected in amount, recognizing that there may be some adjustment necessary within categories to accomplish this task.

If any Board approval or other items are subsequently deemed necessary, we will deal with them in the next round of regularly scheduled board meetings, as appropriate; however, given the timeframe placed upon us, you are authorized to proceed prior to that approval.

If you have any questions, do not hesitate to call.

SSA:cg

04222

AHERF LIT
USDC W.D. Pa.
MISC No. 00-40
12797
EXHIBIT NO.

Copy: Al Ademeyak
Mike Martin

Personal and Confidential

DEPOSITION
EXHIBIT

1930

ACE 8/22/03

DBR-RJM-00148

EXHIBIT 1938

AGH OBLIGATED GROUP (AGH & ASRI)
SERIES 1995-B REIMBURSEMENT & SECURITY AGREEMENT
ANALYSIS OF ADJUSTED CONSOLIDATED
UNRESTRICTED FUND BALANCES AS OF 6/30/96

Fund Balances before adjustments:

AGH General Fund Balance	\$209,848,780.22
ASRI General Fund Balance	<u>18,228,739.29</u>

AGH Consolidated General Fund Balance before adjustments	\$227,875,519.51
----------------------------------------------------------	------------------

**Less: (y) Equity Investments in & loans to Persons which
are not Subsidiaries:**

Gateway Health Plan	\$6,810,944.00
SIDN Network	800,000.00
SW Pa. Litho	37,781.00
GRC/AGH Associates	87,747.00
Penn NY Financial Services	22,895.00
Life Home Health Services	583,305.00
Hospital Linen Service	516,402.13
Cranberry Township Property	843,616.94
Cranberry Physician Timeshare	1,925.46
HLSF Advances	<u>599,806.12</u>

Total Equity Investments In Persons who are not Subsidiaries	(10,304,422.65)
--------------------------------------------------------------	-----------------

**Less: (z) All Unamortized Debt Discount & Expense,
Unamortized Deferred Charges, Goodwill & Patents:**

Bond Discount 1988A-D	\$420,000.00
Bond Discount Contra 1988A-D	(170,566.00)
Bond Discount 1991A-Current	50,070.42
Bond Discount 1995A-Current	29,320.80
Bond Discount 1991A-LTD	969,695.35
Bond Discount Contra 1991A	(342,260.37)
Bond Discount 1995A-LTD	487,514.40
Bond Discount Contra 1995A	(66,564.60)
Deferred Finance Costs 1988A-D	549,967.68
Deferred Finance Costs 1991A	1,512,703.59
Deferred Finance Costs 1993	398,394.85
Deferred Finance Costs 1994 Note	15,000.00
Deferred Finance Costs 1995A	1,226,501.30
Deferred Finance Costs 1995B	485,257.18
Accumulated Amortizat-1988A-D	(153,000.00)
Accumulated Amortization-1991A	(311,995.09)
Accumulated Amortization-1993	(70,103.81)
Accumulated Amortiz-1994 Note	(6,116.67)
Accumulated Amortization-1995A	(60,294.60)
Accumulated Amortization-1995B	(23,018.68)
Goodwill-Surg Center Acquisition	1,833,310.84
Accumulated Amortizat-Goodwill	(755,359.00)
ASRI-Patents	948,711.91
Accumulated Amortizat-Patents	<u>(499,948.16)</u>

Total Unamortized Debt Discount, Deferred Finance Costs, Unamortized Goodwill & Unamortized Patents:	<u>(6,467,221.14)</u>
---------------------------------------------------------------------------------------------------------	-----------------------

Total AGH/ASRI General Fund Balance after adjustments	\$211,103,875.72
-------------------------------------------------------	------------------

Required per Reimbursement & Security Agreement	<u>200,000,000.00</u>
-------------------------------------------------	-----------------------

Excess (Deficiency)	<u>\$11,103,875.72</u>
---------------------	------------------------

**DEPOSITION
EXHIBIT**

1938
AKF 8/20/02

PR-BINDER-12-00726

EXHIBIT 1983

6/20/98 AHERF Exec. Comm.

AMS - Objectives - Weekly Report

ok for June payroll + \$7m.

\$40 m. gap for July

Retained Hunter 2x - Stickler COO

review control policies + procedures

Obligated Groups -- no immediate emergency

MBIA meeting

more meetings - yes

more W to E transfers - no ^{but won't} accelerate E to W payments

keep separate regional bank acc'ts

consultant - will help pay if we want

Burns: Have to fix basic business

Vanguard

Strategic decision to divest comm. h.

exp. of interest for R.

file 60 day notice to close City Line

study Parkview for 1 week re closure

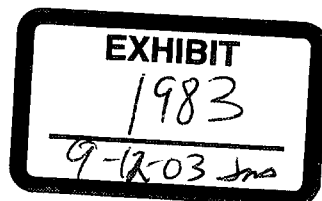
evaluate strategy for tertiary care

Comm. - directed AMS to reject counteroffer

authorized closing City Line, relocating

program, selling real estate,

evaluate closing P'view.



TAC055212 CM

Barnes - What is our core business? Does it include Univ. AMS - think a meaningful relationship w/ Med. School is part of core business - to be able to recruit types of people we want in N. Need to decide kind of U. we want. ^{shift away} from research

Cost Cutting

Immediate - AHERF + E. + AUMP
 - salary reduction / 15% - 100,000 - 200
 20% - 200 - 300,000
 25% - 300,000 +
 40 m. total saving
 try to make voluntary
 seek acceptance as alternative
 to bankruptcy / IRS sanctions

Near Term - sell jet, modify travel policy ^{675,000} \$1-1.2 m
 \$5 m { consolidate space
 ground 1 or more helicopters
 close a trauma center
 consolidate labs.
 close select ambulatory centers
 cancel DVMC K + CEO K.

Intermediate - delete progs.

13 m. { Center for Cellular Therapeutics (6 m.)
 Center for Gene Therapy (2 m.)
 School of Public Health (5 m.)
 50 m. { Close Cityline, P, nics
 Divest EP, Bucks, R.
 15 - 30 m. { Consolidate MS at Queen Lane

10 m. AUMP Ks.

Improve % by \$10m.

\$150m if 100% achieved

Deafault - Change or disappear - need to create awareness that very major changes have to be made

10 a.m.
Thurs.

AUHS - lower tenure rate

declaration of f.i.

every faculty member get letter of non-recapit.

Proceeding w/ sale of garages + Bullet Bldg. - expect bids. w/in 90 days.

* Review of all restricted assets over \$500,000

* Could we prepay DFO coverage? Has premium been paid?

Piercing corporate veil - how likely?

Authorization to explore DIP financing

Audit: last yr. consolidated Audit Report,

rec. going back to separate audit for each obl. group + AHERF consolidated + consolidating
add'l cost \$186,000 - negotiate to 0

OR but not add'l price + renegotiate total cost.

+ try to negotiate total price totally new
Need fresh look at Audit Approach + Team

EXHIBIT 1993

A

AGENDA
June 5, 1998 Meeting of the Executive Committee of the
Board of Trustees of the
Allegheny Health, Education and Research Foundation (the "Foundation")

Members of the Executive Committee

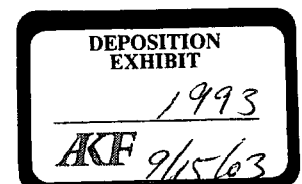
W. P. Snyder, III, Chairman
J. David Barnes
Frank V. Cohouet
Douglas D. Danforth
Harry R. Edelman, III -A
Robert L. Fletcher
Francis B. Nimick, Jr.
Robert B. Palmer
Sherif S. Abdelhak (Ex Officio)

1. Call to Order by Chairman of the Board and of the Executive Committee of the Board, W. P. Snyder, III
2. Roll call of Attendees by person or by telephone (by the Chairman) and declaration of quorum
3. Statement of Purposes of the Meeting (by the Chairman):

This meeting of the Executive Committee was called pursuant to Section 9.3 of the Bylaws, which confers on the Executive Committee the full authority of the Board in all aspects of the management and control of the Foundation, to:

- Review and take any necessary action regarding a proposed change in the President and CEO of the Foundation, who serves, under Section 7.2 of the Bylaws, at the pleasure of the Board
- If a change in President and CEO is determined appropriate by the Executive Committee, to take action necessary to remove the former President and CEO from membership on the Board of Trustees
- Take action to recommend a successor President and Chief Executive Officer of the Foundation and, absent objections, appoint such successor subject only to ratification by the full Board
- Consider means of communicating with other Board members
- Consider ancillary actions

*Shed. - Rescind
suggested
during the*



4. Discussion of proposed change in the President and Chief Executive Officer

If the discussion indicates, the following resolutions are appropriate:

RESOLVED, that Sherif S. Abdelhak be, and he hereby is, removed as President and Chief Executive Officer of the Foundation and from each other office he holds as of the date hereof with the Foundation and with each and all subsidiaries and affiliates of the Foundation, in each case effective immediately.

RESOLVED, that the employment of Sherif S. Abdelhak with the Foundation and each and all subsidiaries and affiliates of the Foundation be, and it hereby is, terminated immediately.

RESOLVED, that the Chairman of the Board, or his designee (who need not be a member of the Board or an employee of the Foundation or its subsidiaries or affiliates), be, and they each hereby are, authorized, directed and empowered to promptly inform Mr. Abdelhak of the foregoing action by whatever means the Chairman determines appropriate.

RESOLVED, that the Chairman of the Board or his designee be, and he and his designee hereby are, authorized and empowered to take each and all actions the Chairman determines appropriate to carry out the foregoing resolutions.

RESOLVED, that the Compensation Committee of the Board of Trustees be, and it hereby is, authorized, directed and empowered to resolve any issues which may arise in connection with the Employment Agreement dated October 30, 1991 by and between the Foundation and Mr. Abdelhak, and, in resolving such issues, the Compensation Committee shall give due regard to the obligations of the Foundation under such contract, the interests of the various stakeholders of the Foundation and the interests of the public, patients and the Foundation itself, including, but not limited to, the interests of the Foundation in assuring that the resolution of issues does not affect the federal income tax status of the Foundation.

RESOLVED, that the Compensation Committee be, and it hereby is, authorized, directed and empowered to take each and all actions it deems appropriate and to execute and deliver, on behalf of and binding upon the Foundation, each and any document it deems, by majority vote of such Committee, in furtherance of resolution of contractual issues, including, but not limited to, retaining such compensation experts, accountants, actuaries and/or attorneys it determines appropriate, and the taking of any such action or the execution and delivery of any document shall be conclusive evidence of its authority therefore.

*Foley - allp
chris
Lamy? - Ketchum*

Julia A. Martin

*Martinelli - ?
East
Antoni
devel - East
Craighorn
Pres. Head.*

*Palmer
Vice the
Admin. Rep.*

Reidner?

5. Discussion of Removal of Former President and CEO as a Member of the Board of Trustees

Mr. Abdelhak served as an Ex Officio member of the Board of Trustees, serving by virtue of his office under Section 6.4(b) of the Bylaws, without benefit of separate appointment. The general view of such arrangements is that removal from office is effective as removal from membership of the Board of Trustees. However, the Bylaws do not affirmatively state that result. On the other hand, Section 6.8 of the Bylaws provides that any Trustee may be removed by the affirmative vote of the Board of Trustees. Since the Executive Committee has and can exercise all powers of the full Board, the Executive Committee has the power to dispel any doubt as to Mr. Abdelhak's removal as a Trustee by majority vote. Accordingly, consideration of removal is appropriate.

If the discussion so indicates, it would be appropriate to consider the following resolutions:

RESOLVED, that Sherif S. Abdelhak be, and he hereby is, removed as a Trustee of the Foundation, effective immediately.

RESOLVED, that the Chairman of the Board or his designee be, and they each hereby are, authorized, directed and empowered to promptly inform Mr. Abdelhak of the foregoing by whatever means the Chairman deems appropriate.

6. Discussion of Succession and Successor as President and Chief Executive Officer

The name of Mr. Anthony M. Sanzo has been put forward as the successor President and Chief Executive Officer.

If the discussion so indicates, it would be appropriate to consider the following resolution:

RESOLVED, that Anthony M. Sanzo be, and he hereby is, appointed President and Chief Executive Officer effective immediately for the term provided under Section 7.2 of the Bylaws and with the powers and duties conferred on such office under Section 7.6 of the Bylaws.

*Bill - ? KPTJ
Chuck - ?*

7. Communications with members of the Board of Trustees of the Foundation and of the Boards of Subsidiaries and Affiliates Who Are Not Members of the Executive Committee

RESOLVED, that the Members of the Executive Committee be, and they each hereby are authorized, directed and empowered to immediately take such action as the Chairman deems appropriate to communicate the foregoing actions to members of the Board of Trustees of the Foundation and members of the Boards of subsidiaries and affiliates of the Foundation and to request their individual and collective concurrence in such actions and ratification thereof at the next duly called and held meeting, whether special or regular, of the Board of Trustees of the Foundation and, to the extent the Chairman determines necessary and appropriate, of the boards of the subsidiaries and affiliates of the Foundation.

8. Approval of Ancillary Actions

RESOLVED, that the press release and each other action and document contemplated in furtherance of the foregoing actions be, and they each hereby are authorized, adopted and approved and the appropriate officers of the Foundation are hereby authorized, directed and empowered to take such actions as they, or any of them, deem necessary or appropriate to carry out the intents and purposes of the Board as set forth in the foregoing resolutions

EXHIBIT 1994

**MEETING OF THE BOARD OF TRUSTEES
ALLEGHENY HEALTH, EDUCATION AND RESEARCH FOUNDATION**

Saturday, April 5, 1997 - 12:30 p.m.

The Duquesne Club, Pittsburgh, Pennsylvania

A meeting of the Board of Trustees of Allegheny Health, Education and Research Foundation ("AHERF") was held on Saturday, April 5, 1997, at 12:30 p.m., at the Duquesne Club in Pittsburgh, Pennsylvania. The meeting was called pursuant to notice duly given in accordance with the Bylaws to each member of the Board of Trustees. A copy of the notice is appended to the original minutes of this meeting. The following individuals were present:

Members Present

Sherif S. Abdelhak
William F. Adam
Barbara F. Atkinson, M.D.
J. David Barnes
Iain F.S. Black, M.D.
Ralph W. Brenner, Esq.
Dorothy McKenna Brown, Ed.D.
Douglas D. Danforth
Ronald R. Davenport
Robert L. Fletcher
Ira J. Gumberg
Robert M. Hernandez
Joseph C. Maroon, M.D.
Donna M. Murasko, Ph.D.
Francis B. Nimick, Jr.
Robert B. Palmer
Richard L. Ray, M.D.
David W. Sculley
W.P. Snyder III
Richard Spielvogel, M.D.
Leon C. Sunstein, Jr.
Mark Victor, M.D.
Margaret Gray Wood, M.D.

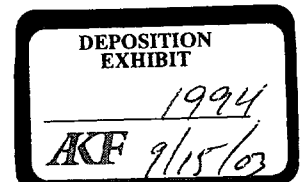
Other Invitees

George Berg, M.D.
Arnold Berman, M.D.
Calvin Bland
Christopher Bonnet, M.D.
Debra Caplan
Maurice Clifford, M.D.
Mary Anne Darragh
Joseph Dionisio
Gerald H. Escovitz, M.D.
Shelley Gebar
Mary Goessler, M.D.
Lynn Isaacs
Elmore Johnson
H. Lawrence Karasic, M.D.
Dwight Kasperbauer
Donald Kaye, M.D.
Anne Kelly
Caryl Kline
Donald Kline
Dorlyn Law
Sandra Levison, M.D.
Robert Mathews
David W. McConnell
Meg McGoldrick
James H. McMaster, M.D.
Charles Morrison
Michael Moyer
Harvey Nassau, D.O.
Robert Pavlich
Leonard L. Ross, Ph.D.
Barry H. Roth
Anthony M. Sanzo
Steve Spargo
Mark Tanker, D.O.
Cherry S. White
Nancy A. Wynstra, Esq.

Members Absent

Henry G. Allyn, Jr.
Leonard T. Ebert
Harry R. Edelman, III
William H. Genge
Teresa Heinz
Oksana Korzeniewski, M.D.
Alfred W. Martinelli
Joseph Neubauer
Thomas H. O'Brien
Chryss O'Reilly
J. Brandon Snyder
W. Bruce Thomas

PGH: 26610.1



GOV 61996

Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
Page 2

I. OPENING OF THE MEETING

The meeting was called to order at 12:30 p.m. by W.P. Snyder III, Chairman. Nancy A. Wynstra, Esq. maintained the minutes. The Chairman declared that a quorum was present and the meeting was competent to proceed.

II. ADDITIONS TO THE AGENDA

There was one addition to the agenda: a proposed resolution was distributed regarding Approval for Certain Officers to Amend the AHERF Retirement Account Plan and Other Benefit Plans authorizing the President and CEO to make necessary amendments to the AHERF Retirement Account Plan to accommodate employees in consolidations.

Because of ongoing consolidation activity and the need from time to time to allow individuals who are employed by entities who are consolidating into the Allegheny Health, Education and Research Foundation (AHERF) system to receive credit toward pension eligibility and vesting for service at AHERF prior to the actual merger of the pension plans and other benefit plans into the relevant AHERF plans, and, because of the highly technical requirements for continued compliance with Internal Revenue Service regulations concerning retirement account plans and other benefit plans, it is desirable that the AHERF Board specifically authorize management to amend the AHERF Retirement Account Plan and such other plans from time to time, to permit the granting of eligibility and vesting service credit for employees from organizations who have or will consolidate with AHERF, but who may commence working for AHERF prior to the relevant benefit plans formally being merged into the AHERF Retirement Account Plan.

The Board requested that they be advised of any major changes to the Plan.

Upon motion duly made and seconded, the Board approved the following resolutions:

WHEREAS, because of ongoing consolidation activity and the need from time to time to allow individuals who are employed by entities who are consolidating into the Allegheny Health, Education and Research Foundation (AHERF) system to receive credit toward pension eligibility and vesting for service at AHERF or the consolidated entity prior to the actual merger of the pension plans and other benefit plans into the AHERF Retirement Account Plan (the "Plan"); and

**Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
Page 3**

WHEREAS, because of the highly technical requirements for continued compliance with Internal Revenue Service regulations concerning retirement account plans, it is desirable for the AHERF Board to authorize management to amend the AHERF Retirement Account Plan and other benefit plans from time to time to permit the granting of eligibility and vesting credit as appropriate for employees from consolidating organizations.

NOW, THEREFORE, BE IT RESOLVED, that the Allegheny Health, Education and Research Foundation (AHERF) Board of Trustees hereby authorizes the President and Chief Executive Officer and such other officers as may be necessary (or as delegated by the President and Chief Executive Officer), to amend, as appropriate, the AHERF Retirement Account Plan and other benefit plans regarding past service credit under the plan for prior services within an organization which consolidates with AHERF and to make such other amendment to the AHERF Retirement Account Plan or other benefit plans as may be determined by the President and Chief Executive Officer (or such other officers as delegated by the President and Chief Executive Officer) to assure that any and all employees of organizations which consolidate with AHERF are appropriately incorporated into the AHERF Retirement Account Plan and other relevant benefit plans; and

FURTHER RESOLVED, that such officers as may be necessary are hereby authorized to execute any and all documents necessary to carry out the intent of this resolution; and

FURTHER RESOLVED, that all such amendments shall be attached to or incorporated to the original AHERF Retirement Account Plan or such other benefit plans as appropriate; and

FURTHER RESOLVED, that management shall report periodically to the Board on such amendments made to the AHERF Retirement Account Plan or other AHERF benefit plans.

III. AHERF GOVERNANCE ISSUES

Minutes from the Meeting Held on December 12, 1996

Mr. Snyder presented for consideration the Minutes from the meeting of the Board of Trustees of Allegheny Health, Education and Research Foundation held on December 12, 1996.

Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
Page 4

Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board of Trustees of Allegheny Health, Education and Research Foundation approves the Minutes from the meeting held on December 12, 1996, as presented.

IV. REPORT FROM THE COMMITTEE ON TRUSTEES

Mr. Nimick presented the Report from the Committee on Trustees meeting held on April 4, 1997, and presented the recommendations for appointments to the AHERF, Allegheny General Hospital and Allegheny University Medical Centers Boards of Trustees.

Upon motion duly made and seconded, the Board adopted the following resolutions:

A. AHERF Board Membership

The Board of Trustees of Allegheny Health, Education and Research Foundation appoints the following to serve as a Trustee of Allegheny Health, Education and Research Foundation in such class and for such term as indicated:

Class I - Term Expiring Annual Meeting 1998

Walter L. Williamson

Allegheny General Hospital Board Membership

Appointment of Emeritus Trustee

The Board of Trustees of Allegheny Health, Education and Research Foundation, acting as the Member of Allegheny General Hospital, appoints the following to serve as an Emeritus Trustee of Allegheny General Hospital:

Emeritus Trustee

Claude R. Joyner, M.D.

Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
Page 5

Allegheny University Medical Centers Board Membership

Appointment of Trustees

The Board of Trustees of Allegheny Health, Education and Research Foundation, acting as the Member of Allegheny University Medical Centers, appoints the following to serve as Trustees of Allegheny University Medical Centers in such class and for such term as indicated:

Class III - Term Expiring Annual Meeting 1997

Veronica L. McDonough

Class I - Term Expiring Annual Meeting 1998

Lyle L. Shumaker
Walter L. Williamson

Class II - Term Expiring Annual Meeting 1999

William E. Walker

Life Trustees

Robert W. Andreen
Guy E. Bubb
R. Lee Bures
Helen J. Clark
Samuel Gray, III, M.D.
Audrey Heidenreich
H. William Knab, D.O.
Linda A. Knapp

Nancy Krzton
James Ogle
David H. Schaub, M.D.
John E. Sennett
David O. Shondeck
Donald J. Stefl
Charles W. Young

7
Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
Page 6

B. Appointments to the AHERF Audit Committee

The Committee on Trustees recommended that the Chairman of the Board of AHERF appoint the following Trustees to the AHERF Audit Committee.

Douglas D. Danforth
Harry R. Edelman III
Ira J. Gumberg
Thomas H. O'Brien
David W. Sculley

Upon motion duly made and seconded, the Board approved the following resolution:

RESOLVED, that the Board of Trustees of Allegheny Health, Education and Research Foundation (AHERF) hereby approves the expansion of the AHERF Audit Committee to include as ex officio voting members, the Chair of the Board of each second tier operating subsidiary; and

FURTHER RESOLVED, that the Secretary is hereby authorized and directed to amend the corporate Bylaws of AHERF to reflect this change.

V. REPORT FROM THE AUDIT COMMITTEE

Coopers & Lybrand Proposed AHERF Audit Plan for FY 1997

Mr. Barnes presented the Coopers & Lybrand (C&L) Proposed AHERF Audit Plan for FY 1997.

Upon recommendation from the Audit Committee, the Board of Trustees of Allegheny Health, Education and Research Foundation approved the following resolution:

RESOLVED, that the Board of Trustees of Allegheny Health, Education and Research Foundation (AHERF) approves the C&L Proposed AHERF Audit Plan for FY 1997 as presented; and

FURTHER RESOLVED, that the Board instructs the Secretary to append a copy of the C&L Proposed AHERF Audit Plan for FY 1997, as approved at this meeting, to the original minutes of the meeting.

Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
Page 7

VI. REPORT FROM THE FINANCE COMMITTEE

Results of AHERF Operations for the Period Ended December 31, 1996

Mr. Barnes presented the Results of AHERF Operations for the Period Ended December 31, 1996, noting that the net revenue is significantly ahead of last year and is also ahead of budget. Most of the hospitals have had an increase in market share, particularly at AGH where the increase amounted to 12%. Systemwide emphasis on additional economies continues. Mr. McConnell also commented on the increase in volume and revenue, noting that the recent acquisitions were not included in the December 31, 1996 results inasmuch as they officially entered the organization on January 1, 1997 or later. In AIHG, future strategy will focus less on acquisition of physician practices and more toward maximizing current effectiveness.

Upon recommendation from the Finance Committee, the Board of Trustees of Allegheny Health, Education and Research Foundation approved the following resolution:

RESOLVED, that the Board of Trustees of Allegheny Health, Education and Research Foundation accepts the Results of AHERF Operations for the Period Ended December 31, 1996, and directs the Secretary to append a copy of the accepted Results of AHERF Operations for the Period Ended December 31, 1996 to the original minutes of this meeting.

VII. FUND DEVELOPMENT

Resolution to Accompany Application for Wine Auction Permit

Ms Wynstra presented a resolution regarding the proposed plan of the Development Office of Allegheny Health, Education and Research Foundation to hold a wine auction some time in the Fall of 1997 and/or in 1998 (the "Wine Auction"), to which it intends to invite friends of the Alzheimers Research Center and the greater Philadelphia community, for the purpose of making bids to purchase the wine, which will be sold to the highest or most favorable bidder, thereby raising funds to benefit the Alzheimers Research Center, a program affiliated with Allegheny Health, Education and Research Foundation.

The Pennsylvania Liquor Control Board regulates the holding of wine auctions and requires the Board of Trustees of Allegheny Health, Education and Research Foundation to adopt a resolution, which must accompany the application, authorizing the filing of the application for the Wine Auction Permit.

Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
Page 8

Upon motion duly made and seconded, the Board of Trustees of Allegheny Health, Education and Research Foundation approved of the following resolution:

WHEREAS, it is the desire of Allegheny Health, Education and Research Foundation to be granted a Wine Auction Permit;

NOW THEREFORE, BE IT RESOLVED, that the Board of Trustees of Allegheny Health, Education and Research Foundation authorizes that an application for said wine auction permit be filed with the Pennsylvania Liquor Control Board, and that Michael W. O'Mahoney, Senior Vice President, Development, and Nancy A. Wynstra, Executive Vice President and Secretary, be authorized and either or both are hereby authorized to execute the necessary application and any other papers required by the Pennsylvania Liquor Control Board in order to obtain a Wine Auction Permit.

VIII. INFORMATION ITEMS

A. Reports from Subsidiary Organizations:

1. Allegheny General Hospital

Mr. Sanzo presented the Report from the President and CEO of Allegheny General Hospital for the Second Quarter, Fiscal Year 1997, to the Board as information. He noted that AGH is currently ahead of plan.

2. Allegheny Health Services Providers Insurance Company

Ms. Wynstra presented the Quarter Report for Allegheny Health Services Providers Insurance Company ("AHSPIC"). She noted that 1997 marks the tenth anniversary of the AHSPIC insurance program.

3. Allegheny Integrated Health Group

Dr. Kaye presented the Report from the President and CEO of Allegheny Integrated Health Group as information.

Meeting of the Board of Trustees
of Allegheny Health, Education and Research Foundation
April 5, 1997
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4. Allegheny University Medical Centers

Mr. Roth presented the Report from the President and CEO of Allegheny University Medical Centers as information.

5. Allegheny University Hospitals

Dr. Kaye presented the Report from the President and CEO of Allegheny University Hospitals to the Board as information.

6. Allegheny University of the Health Sciences

Dr. Ross presented the Report of the Provost of Allegheny University of the Health Sciences as information.

7. St. Christopher's Hospital for Children

Mr. Bland presented the Report of the President and CEO of St. Christopher's Hospital for Children as information. He discussed in detail the termination of the lease and affiliation agreement with Temple University and medical staff development efforts underway to develop a contractual relationship with those physicians desiring to be employed by St. Christopher's Hospital for Children.

B. Management Reports from Managed Organizations:

1. Ohio Valley Health Services Educational Corporation

Mr. McConnell presented the President's Report of Ohio Valley Health Services Educational Corporation as information.

2. Delaware Valley Medical Center

Dr. Kaye presented the Management Report of the Delaware Valley Medical Center as information.

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IX. ADJOURNMENT

There being no further business, the meeting was adjourned.

Respectfully submitted,

Nancy A. Wynstra, Esq.
Secretary

NOTED ATTACHMENTS: Meeting Notice; Coopers & Lybrand Proposed AHERF Audit Plan for FY 1997.

PGH: 26610.1

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